How the 2005 Changes to NC Certificate of Need Law Saved Lives and Hundreds of Millions of Dollars

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Digestive Health Specialists, P.A.

- Eleven Board-Certified Gastroenterologists
- Four GI Endoscopy Center developed through CON process, three licensed as ASCs, one pending
- \$2 Million in Charity Care over the past three years
- Provides well paying jobs and pay property taxes





In 2005 the CON law was changed to:

- Allow licensed ASCs with GI procedure rooms
- Allow GI procedure rooms in physician offices without CON if not licensed as an ASC
- If ASC later wanted license then file a CON application



Prior to the change in the law:

 Licensed GI endoscopy rooms were regulated by CON as a subset of operating rooms

Many gastroenterologists limited to performing

procedures in hospitals

Hospital-based GI
 procedures were less
 efficient and higher cost
 as compared to ASCs





Since the change in CON law:

- 56 New licensed ASCs with GI procedure rooms developed mostly in urban counties
- Endoscopies performed in ASCs are reimbursed by Medicare at 58% of Hospital rates
- Total net savings estimated at \$300 million
- Increased competition helps to hold down costs and charges



Changes in the CON law translates to:

- Huge cost savings for patients, government payors and insurance companies
- Greater access to affordable colonoscopy screenings
- Death rate from colorectal cancer was cut by 53 percent for those who had colonoscopies and whose doctors removed pre-cancerous polyps



2005 CON Law Overview

- Defines GI procedure room as different from ORs
- Allows for unlicensed GI rooms to become licensed if requirements can be met
- Requires CON to construct or relocate GI procedure rooms in licensed facilities
- Requires quality policies and accreditation
- Requires plan to provide care to indigent





Changes to CON law for other single-specialty ambulatory surgery centers:

- Patterned after 2005 legislation
- Increase competition, contain costs and improve quality
- More patients have access to affordable surgery
- Hundreds of millions of dollars in cost savings



Actual Need for single-specialty ASC:

- Determined by physicians
- Not by artificial need methodology
- If sufficient volume exists
- If the local hospital is a good potential partner





CON Laws:

- Originally developed when hospitals were reimbursed based on cost
- Reimbursement has changed
- Physicians will only build an ASC if sufficient volume
- Consumers want lower cost high quality healthcare



CON needs to be amended to:

- Only regulate major healthcare projects
- No longer be an overly bureaucratic process
- No longer be misused by hospitals to block the entry of lower cost providers and limit competition





CON appeals:

- Hospitals have opposed new ASCs with GI procedure rooms in Gaston, Iredell, Burke and Halifax
- Competing gastroenterology groups refrain from appeals

Change CON definition of "affected party" to only those persons who can demonstrate that the approval of a CON application would diminish the quality of care at an existing or approved facility of the <u>same facility</u> <u>licensure type</u> that provides the <u>same scope of services</u>.



SUMMARY

I am encouraged that we have leadership with the courage to work on making changes to the CON process to improve competition and better serve our citizens.



THANK YOU